

**SECRET****OGC Has Reviewed**

18 March 1955

MEMORANDUM FOR: Assistant, Deputy Director (Support)

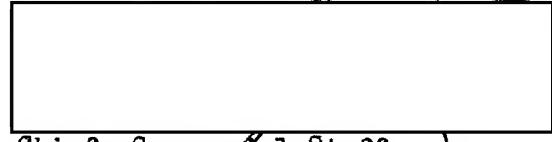
SUBJECT: H. R. 687 Bill "Anti-Government Competition Act", 84th. Congress, 1st. Session

1. The passage of subject mentioned Bill for Congress should not, in the opinion of CM, affect in any way the work of this Agency or its operations involving proprietary business-type mechanisms through which certain activities of the Agency are conducted.

2. Your attention is specifically directed to Section 2, lines 10 through 15 which state, "Therefore, it is declared to be the policy of the Congress that the Federal Government shall not engage in business-type operations competitive with private enterprise except where it can be demonstrated that it is necessary for the Government itself to perform such operations in furtherance of national programs and objectives legally established". Certainly, all of our operations/activities must most surely fall in this category.

3. Further, it is firmly believed that should a review be made by appropriate Congressional and/or Government officials of any or all of Agency conducted business-type activities of which CM is knowledgeable, would reveal clearly and without exception that such activities could not in any way logically be construed to be competitive with private enterprise.

4. In every instance where business-type activities are implemented by or in coordination with CM, extreme care is taken to avoid competition with private industries of the United States. Also, it should be noted that business-type activities are initiated and engaged in by the Agency only as a last resort in the accomplishment of a given objective and solely for the furtherance of national programs and legally established objectives.



25X1A

**SECRET**

UNCLASSIFIED

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SECRET

## ROUTING AND RECORD SHEET

**INSTRUCTIONS:** Officer designations should be used in the "TO" column. Under each comment a line should be drawn across sheet and each comment numbered to correspond with the number in the "TO" column. Each officer should initial (check mark insufficient) before further routing. This Routing and Record Sheet should be returned to Registry.

FROM:				TELEPHONE	NO.	
SSA-DD/S-CM						
					DATE	
TO	ROOM NO.	DATE		OFFICER'S INITIALS	TELEPHONE	COMMENTS
		REC'D	FWD'D			
1. C/CM		18 March				
2.						
3. ADD/S [redacted]	226 Admin.	MAR 27 1955	1955	JJC SS		
4.						
5. Legislative Counsel		APR 1 1955				
6.						
7.						
8.						
9.						
10.						
11.						
12.						
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25X1A : I gather you  
must have asked CM  
to comment to you on  
this bill.

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25X1A

DATE

LEGISLATIVE BILL NO.

H.R. 687

## NOTICE OF PENDING LEGISLATION

## SECTION I

## GENERAL

TO :

FROM: LEGISLATIVE COUNSEL

OFFICE OF GENERAL COUNSEL

THE ATTACHED BILL, WHICH HAS BEEN INTRODUCED INTO CONGRESS, IS:

 SENT TO YOU FOR INFORMATION ONLY. A BILL ON WHICH FAVORABLE CONGRESSIONAL ACTION  IS  IS NOT PREDICTED. SENT FOR YOUR COMMENT AS TO WHETHER IT IS OF INTEREST TO CIA ACTIVITIES, AND WHETHER FURTHER ACTION BY THIS OFFICE IS NECESSARY OR DESIRED. *IT IS REQUESTED THAT COMMENTS CONCERNING THIS LEGISLATION BE FORWARDED, THROUGH APPROPRIATE CHANNELS, TO THIS OFFICE, BY*FOLD  
HEREFOLD  
HERE

## SECTION II

## COMMENTS (From Original Addressee)

TO : LEGISLATIVE COUNSEL  
OFFICE OF GENERAL COUNSEL

FROM:

5 January 1955

34/1

Mr. Osmers of New Jersey

A bill to establish a Federal policy concerning the termination, limitations, or establishment of business-type operations of the Government which may be conducted in competition with private enterprise, and for other purposes.

Distribution:

2. DD/S 2 March  
 1. - Mr. [redacted] 15 March

25X1A

DATE OF COMMENTS

SIGNATURE AND TITLE: Approved For Release 2002/06/05 : CIA-RDP59-00224A000200160001-6

EXTENSION

84TH CONGRESS  
1ST SESSION

**H. R. 687**

## IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1955

Mr. OSMERS introduced the following bill; which was referred to the Committee on Government Operations.

# A BILL

To establish a Federal policy concerning the termination, limitation, or establishment of business-type operations of the Government which may be conducted in competition with private enterprise, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

**SHORT TITLE**

4 SECTION 1. This Act may be cited as the "Anti-Govern-  
5 ment Competition Act".

## DECLARATION OF POLICY

7 SEC. 2. The strength and welfare of this Nation rest  
8 upon an economic system in which private enterprises com-  
9 pete freely among themselves with a minimum of direct

1 Government competition. This system produces and dis-  
2 tributes the goods and services vital to our national security  
3 and essential to the maintenance of an ever-rising standard  
4 of living for the American people. When the Government  
5 unwarrantedly engages in business-type operations competi-  
6 tive with private enterprise, it tends to destroy initiative on  
7 the part of the people and to restrict the normal growth  
8 and expansion of private enterprise. It further deprives the  
9 people of opportunities for private employment and enter-  
10 prise. Therefore, it is declared to be the policy of the Con-  
11 gress that the Federal Government shall not engage in  
12 business-type operations competitive with private enterprise  
13 except where it can be demonstrated that it is necessary for  
14 the Government itself to perform such operations in further-  
15 ance of national programs and objectives legally established.  
16 To the degree that present Government business-type opera-  
17 tions may be carried on in a manner inconsistent with this  
18 policy, they should be terminated or limited in accordance  
19 with appropriate law, and the Government should avoid  
20 such competition. Whenever new Government business-type  
21 operations are proposed to be established, they, likewise,  
22 should be measured against this policy and should not be  
23 established unless thoroughly consistent with this policy.

1                   INSTRUCTIONS, RULES, AND REGULATIONS

2       SEC. 3. The President shall, from time to time, issue  
3       such instructions, rules, and regulations for the termination,  
4       limitation, or establishment of business-type operations in the  
5       executive branch of the Government as he may deem appro-  
6       priate for carrying out the policy declared in section 2 of this  
7       Act.

8                   PUBLIC COMPLAINTS OF GOVERNMENT COMPETITION

9       SEC. 4. It shall be the duty of the Secretary of Com-  
10      merce, acting under the instructions, rules, and regulations  
11      issued by the President, to receive from the public and ex-  
12      amine specific complaints of Government competition with  
13      private enterprise and, where the facts warrant, consult and  
14      cooperate with officers of the Government supervising the  
15      Government business-type operations complained about in  
16      order to suggest, where appropriate, the termination or limi-  
17      tation of Government competition through the utilization of  
18      private facilities, products, or services in lieu thereof.

19                   NEW GOVERNMENT BUSINESS-TYPE OPERATIONS

20       SEC. 5. Before establishing any new Government busi-  
21      ness-type operations which may be competitive with private  
22      enterprise or requesting or expending funds for such opera-  
23      tions, it shall be the duty of each Government department,

1 agency, establishment, or instrumentality, planning to estab-  
2 lish such operations to submit a report to the Director of  
3 the Bureau of the Budget, in such form as he may prescribe,  
4 describing in detail the proposed new Government business-  
5 type operations. It shall be the duty of the Director of the  
6 Bureau of the Budget to make a recommendation to the  
7 President as to whether such contemplated operations should  
8 be established, bearing in mind the policy declared in section  
9 2 of this Act: *Provided, however,* That this section shall not  
10 apply to any Government business-type operations being  
11 carried on on the effective date of this Act or to any Gov-  
12 ernment business-type operations hereafter specifically au-  
13 thorized by the Congress.

## 14 ANNUAL REPORT

15 SEC. 6. The President shall make an annual report to  
16 the Congress concerning operations under this Act, together  
17 with such information, comments, and recommendations as  
18 he may deem appropriate for furthering the policy declared  
19 in section 2 of this Act.

## 20 APPROPRIATION AUTHORIZATION

21 SEC. 7. Such sums as may be required to carry out the  
22 purposes of this Act are hereby authorized to be appropriated.

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84TH CONGRESS  
1ST SESSION **H. R. 687**

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**A BILL**

To establish a Federal policy concerning the termination, limitation, or establishment of business-type operations of the Government which may be conducted in competition with private enterprise, and for other purposes.

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By Mr. OSMERS

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JANUARY 5, 1955

Referred to the Committee on Government Operations